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## CAUSES OF OUR FAILURE TO DEVELOP SOUTH-AMERICAN TRADE

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From a survey of reports from our consular officers during the past decade, it would seem to be evident that the main cause of our failure to develop South-American trade is that we have practically left it to develop itself. There has been no lack of agitation of the subject among our business men, or of efforts on the part of the federal government, by the appointment of visiting commissions and instruction of its diplomatic and consular representatives, to supply the information and incentive for concerted action. During this whole period, moreover, there has been in existence a special agency, in the Bureau of the American Republics, for promoting trade between the Latin-American countries and the United States, which, in recent years, has had the cordial support of all the governments, and from its inception, has had the active co-operation of most of them. If, with all these advantages, we have made but little progress except in the countries nearest us—as Mexico, Central America and the West Indies—may we not conclude that the causes lie in purely commercial conditions and not in any lack of artificial aids?

The meagre results of our trade propaganda in South America are the more remarkable, in view of the fact that our consuls tell us that American goods find favor everywhere, and in many instances, are preferred to similar goods of European origin. Thus, for example, the Argentine Republic takes our barbed wire and agricultural implements; Brazil, our sugar mills and saw mills, our plows and reapers; Chile, our railway supplies; Colombia, our coffee and sugar machinery, glassware, hardware, beer and wines; Ecuador, our axes, shoes, furniture, clocks, cutlery, hardware, stationery, canned goods, etc.; Peru, a great variety of articles, including agricultural and mining machinery, hardware, clocks and watches, typewriters and cottons. In Uruguay, our agricultural implements are

making headway and we are also selling windmills, harness, carts and wire. In Venezuela, our drugs, rope, wire fencing and cotton goods find favor. It should be noted that, in all these articles, we have to compete with European goods.

It must be assumed, therefore, that in general, the fault does not lie with what we have to sell the South Americans—although, of course, we are at a disadvantage in not manufacturing, as the Europeans do, especially for their market—but in the lack of proper instrumentalities and of vigorous effort to extend our trade. Most persons, in considering the subject, seem to assume that, if the proper instrumentalities were supplied, the requisite effort would not be wanting, and that the volume of our sales would soon begin to show a large increase. It has seemed to me, however, that this—to use a homely phrase—is putting the cart before the horse. The establishment of adequate steamship lines and of better banking facilities; the extension of more liberal credits; the adoption of methods of packing specially suited to South-American conditions; the production of goods in qualities, patterns, dimensions to meet local tastes or trade requirements; the employment of commercial travelers able to converse with the people in their own language; the adjustment of tariff relations on a more liberal basis of exchange—all these are important agencies of growth, which have again and again been urged by our consuls, and here at home have too frequently been regarded as all-sufficient panaceas. But of what avail, in a large sense, would any of them be, if our manufacturers and exporters failed to utilize them except in a casual and negligent manner?

It is just here, it seems to me, that we find the key to the whole situation. Until the business community of the United States makes up its mind that it is worth its while to go into South-American trade on the large scale of its dealings with Mexico, with Canada, with Europe, the tools and vehicles we might provide could not be profitably employed. That our export interests have not arrived at this decision as yet is a proposition that can hardly be disputed. The plain truth is that the home market still absorbs all the energies of the average manufacturer, and will continue to absorb them so long as times are prosperous and there is an active demand for his goods. It is only when the home market becomes stagnant or depressed that he looks abroad, and then merely for openings to dispose of accumulating stocks. He has but a transient interest in foreign trade, and

waits with longing for the revival of domestic prosperity. Exception must be made, of course, of some of our industries which, pursuing a far-sighted policy, continue to cater to foreign custom even when they are pressed to fill home orders, knowing that, if they hold the foreign markets they have won throughout a period of active demand in this country, they will not have to win them back again in the hour of need, but will always have them as a safety-valve in times of repletion. In general, however, we cannot be said to have got much farther than the incipient stage of development as a nation manufacturing for export, and thus far, in selling goods abroad, we have been content to follow easy channels and to seek only those foreign markets that make the fewest demands upon us other than those we are accustomed to meet at home.

It is for these reasons that our greatest measure of success in selling manufactured goods has been won in Europe, in Canada, and in Mexico. The European countries and Canada, especially, consume much the same kinds of goods as we manufacture for our domestic customers, and we have the advantage of conceded superiority in many articles, especially those of a labor-saving character. Moreover, the facilities of trade intercourse are relatively cheap and ample, and the conditions of exchange, such as terms of payment, tariff regulations, freights, methods of packing, etc., are well understood. But even with these countries, there has been, during the past year or two, a marked subsidence of our export activity, due to general prosperity and the greater profits to be reaped at home. This fact would seem to prove beyond cavil that sales to foreign customers are still, as has been intimated, very much of a side issue with most of our industries. Our consuls have frequently commented of late upon the indifference shown by American manufacturers to foreign orders. In a report printed by the State Department on the seventh of April, for instance, Consul-General Lay, of Barcelona, says: "In consequence of the prosperous state of trade in America, I find little or no desire on the part of our manufacturers to interest themselves in commerce with Spain at present. In one case which came under my notice, a trial order for a sample lot of goods was sent to a firm in the United States, along with a remittance in payment, but the order was declined on the plea that, being unable to cope with the demand at home, foreign orders could not be accepted."

If, for business reasons of this character, we find it advisable

for the time being to neglect our more profitable foreign customers, is it to be expected that we shall put forth very strenuous efforts to win less accessible and less remunerative markets, such as those of South America? Upon the other hand, that there are no insurmountable barriers to the extension of our trade over that continent because of racial or other differences is clearly shown by the remarkable growth of our sales to Mexico and the investment of American capital in that country to the amount, as estimated by our Consul-General, Mr. Barlow, of five hundred millions of dollars. Our progress in other Latin-American markets which are within easy reach, such as those of Central America and some of the West India Islands, affords similar ground for confidence, and we may safely conclude that, if we can compete with European goods in European markets, we need not fear their rivalry in South America when we set to work in earnest to bid for the trade.

The whole problem, therefore, seems to resolve itself into this: Shall we have to wait for such slackening of home demand as will again induce export activity before our manufacturers can be persuaded to enter seriously upon the commercial invasion of South America, or will our enormously increased and constantly increasing output of manufactures create, of itself, a condition of surfeit which will ultimately compel us to a systematic effort to find and maintain new outlets for our surplus goods, not only in South America, but in other parts of the world to which we have shown ourselves to be more or less indifferent?

The solution is to be found only in the course of events, but it may be assumed that one or the other result is sure to follow. In the meantime, it is most desirable that we equip ourselves by study, by organization, by experimental effort, and so far as possible, by providing mechanical facilities such as transportation lines, banks, tariff agreements, etc., for making the most of the opportunity when it comes.